



BLUE CHIP TEX INDUSTRIES LTD.

**27th
ANNUAL
REPORT
2011-2012**

Board of Directors : NAND K. KHEMANI Chairman and Managing Director
KUMAR S. NATHANI
ASHOK K. KHEMANI
ANIL MANDHANA
RAHUL A. KHEMANI
SHAHIN N. KHEMANI

Auditors : Rajendra & Co.
Chartered Accountant

Bankers : Axis Bank
Dena Bank

Registered Office : "Jasville", 2nd Floor,
Opp. Liberty Cinema,
9, New Marine Lines,
Mumbai 400 020.
Tel. : 022-4353 0400
Fax : 022-2200 6437
Email : bluechiptex@gmail.com
Website : bluechiptexindustrieslimited.com

Factory : Plot No. 63-B, Danudyog Sahakari Sangh Ltd
Village Piparia,
District Silvassa,
Union Territory of Dadra & Nagar Haveli
Pin - 396 230

Wind Mill : Thungavi Village, Udumalpet Taluka,
Coimbatore, Dist. Tamilnadu

Registrar & Transfer Agent : BIGSHARE SERVICES PVT. LTD.
E-2, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai 400 072.
Tel. : 022 - 2852 3474 / 2856 0652 / 53
Fax : 022 - 2852 5307
e-mail : bigshare@bom7.vsnl.net.in

Members are requested to bring their copy of Annual Report at the A.G.M.

BLUE CHIP TEX INDUSTRIES LTD.

NOTICE

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Monday, September 17, 2012 at 10.00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai 400 023 to transact the following business:

- 1) To consider and adopt the Audited Balance Sheet as at March 31, 2012 and Audited Profit & Loss Account for the year ended as on that date and the Reports of the Auditors and the Directors thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. Ashok K. Khemani, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

"RESOLVED THAT M/s. Rajendra & Co. Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby recommended for re-appointment as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting."

By order of the Board of Directors

Date: May 28, 2012
Place: Mumbai

Sd/-
Nand K. Khemani
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy to be effective should be completed in all respects and be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
 2. Members / Proxies should bring with them duly-filled Attendance Slips sent herewith, to attend the meeting.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 11.09.2012 to 17.09.2012 (both days inclusive) for the purpose of Annual General Meeting.
 4. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the Shares held by them. Nomination forms can be obtained from the Registrar and Transfer Agents of the Company.
 5. Members who have not yet encashed their dividend warrants for the financial year ended 31.03.2008 and onwards, are requested to make their claims to the Company accordingly without any delay.
- Members wishing to claim dividends which remain unclaimed are requested to correspond with Mr. Nand Khemani, Managing Director, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205-C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
7. The following are the details of dividend paid by the Company and its respective due date of transfer to such fund of the Central Government, which remain unpaid:

Sr.No.	Date of Declaration	Dividend for the year	Due date of transfer to the Government
1	20.08.2009	2008-2009	19.09.2016
2	20.09.2010	2009-2010	19.10.2017
3	11.08.2011	2010-2011	10.09.2018

It may be noted that no claim from Shareholders will be entertained for the unclaimed dividend which has been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956. In view of the above, those Shareholders who have not encashed their dividend warrants are advised to send all unclaimed dividend warrants to the Registrar & Transfer Agents or to the Registered Office of the Company for revalidation and encash them before the due dates for transfer to the Central Government.

Particulars of the dividend transferred to the General Revenue Account of the Central Government i.e. Investor Education & Protection Fund during the Financial Year ended 31st March, 2012 pursuant to Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978:

Sr. No.	Date of Declaration of Dividend	Dividend for the Financial Year	Amount transferred to Investor Education & Protection Fund (₹)	Date of transfer to Investor Education & Protection Fund
1	29.08.2004	2003-2004	73,062.00	26.08.2011

9. Members seeking any information about Accounts are requested to address their queries to the Company at least 7 days in advance of the meeting so that information sought can be readily provided at the meeting.

BLUE CHIP TEX INDUSTRIES LTD.

10. Members are requested to bring their copy of the Annual Report to the meeting.
11. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.30 a.m. and 1 p.m. on all working days upto the date of the meeting.
12. Members are advised to consolidate their Ledger Folios where they are holding Shares in identical order of names in different Folios.
13. The Shares of the Company are listed at the Bombay Stock Exchange, Mumbai, Phiroze Jeejeeboy Towers, Dalal Street, Mumbai – 400 001. The Listing fee has been paid in time for the year ended 31.03.2012.

By Order of the Board

Place: Mumbai
Date: May 28, 2012

Sd/-
Nand K. Khemani
Managing Director

DIRECTORS' REPORT

To,
The Members
Blue Chip Tex Industries Limited

Your Directors have the pleasure in presenting their 27th Annual Report and Audited Annual Accounts for the Financial Year ended March 31, 2012.

FINANCIAL RESULTS:

	In terms of ₹	
	<u>2011-2012</u>	<u>2010-2011</u>
Profit before depreciation	1,05,09,172	74,68,492
Less: depreciation	<u>64,08,411</u>	<u>18,63,211</u>
Profit before Tax	41,00,761	56,05,281
Less: Provision for taxation		
Current tax	7,95,000	20,50,000
Deferred tax	11,96,080	(3,70,990)
Fringe Benefit tax	—	—
Profit After Tax	21,09,681	39,26,271
Add: Taxation for earlier year	—	(482)
	<u>21,09,681</u>	<u>39,25,789</u>
Balance in Profit and Loss Account	1,20,67,699	98,59,533
Surplus available for appropriation	1,41,77,380	1,37,85,322
Proposed Dividend	14,77,875	14,77,875
Tax on Proposed Dividend	<u>2,39,748</u>	<u>2,39,748</u>
Balance carried to Balance Sheet	<u>1,24,59,751</u>	<u>1,20,67,699</u>

DIVIDEND:

In view of the Company's profitable performance, the Directors are pleased to recommend for approval of the Members a Final Dividend of 0.75 Paise per Equity Share of ₹10/- each of the Company for the financial year 2011 – 2012.

FUTURE PROSPECTS:

During the year the Company installed four new Texturising machines and four second-hand Twisting machines, financed by a loan from Axis Bank Ltd.; and also continued with its own manufacturing activity and sale of its own texturised and twisted yarn. Also, from the Wind Power generation units, through sale of power, the Company will be able to maintain its profitability from Sales and other Income by way of Rent. Considering the market demand, the installation of additional machines will enable the Company to increase its production of Texturised and Twisted yarn and by marketing the same to its customers, the Company expects a substantial increase in its turnover and resultant profitability.

BLUE CHIP TEX INDUSTRIES LTD.

FIXED DEPOSITS:

The Company has not accepted any deposits from public under the Provisions of Section 58A of the Companies Act 1956 and rules framed there-under during the Financial Year ended 31st March 2012. As at March 31, 2012, there is no outstanding liability to fixed depositors.

INSURANCE:

All properties of the Company, including buildings, plant and machinery, stores and spares, stock of raw materials and finished goods, etc. have been adequately insured.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2012 and of the profit of the Company for that year.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2012, on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY

- (i) Energy conservation measures taken:

Appropriate measures have been initiated to conserve energy. The Company has always been conscious about the need for conservation of energy.

- (ii) Additional investments and proposals, if any, being implemented for reduction of energy consumption:

The efforts for conservation of energy are on an ongoing basis throughout the year.

- (iii) The impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods :

The measures taken have resulted in savings in the cost of production.

Total energy consumption and energy consumption per unit of production:

a. Power and Fuel Consumption:

	CURRENT YEAR	PREVIOUS YEAR
1. Electricity:		
(a) Purchased Units (KWH)	22,74,270	3,95,760
Total Amount (₹)	92,95,351	9,87,240
Cost/Unit (₹)	4.09	2.49
(b) Own Generation:	—	—
i) Through Diesel Generator		
Units (in Lacs)		
Unit per litre of diesel		
Cost/Unit (₹)		
ii) Through Steam		
2. Coal/ Furnace oil:	—	—
b. Consumption of units per Ton of production of Polyester	419.53	321.35

(B) TECHNOLOGY ABSORPTION

Efforts in brief made towards technology, absorption, adoption and innovation:

The Company keeps itself abreast of the technical development and innovation in its line of products worldwide and tries to bring about improvements in the product for better yield, quality and cost effectiveness etc.

Continued efforts are being made in the areas of quality improvements, waste reduction, process capability and cost minimization to specially improve the market acceptance of the product.

FOREIGN EXCHANGE EARNING AND OUT GO:

Foreign Exchange Earnings : ₹ NIL (Previous Year: ₹ Nil)
 Foreign Exchange outgo : ₹ NIL (Previous Year: ₹ Nil)

PERSONNEL:

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Notification no. G.S.R 289 (E) dated March 31, 2011 require the disclosure of the names and particulars of the employees who are receipt of remuneration for the financial year under review which, in the aggregate, was not less than ₹ 60,00,000/- or who was in receipt of remuneration for any part of the financial year under review, at a rate which, in the aggregate, was not less than ₹5,00,000/-. The disclosure under the said Section is not given as there are no such employees.

For and on behalf of the Board of Directors

Place: Mumbai
 Date: 28th, May 2012.

Sd/-
(Nand K. Khemani)
 Managing Director

BLUE CHIP TEX INDUSTRIES LTD.

COMPLIANCE CERTIFICATE

U/S 383A of the Companies Act, 1956 & Rule 3 of the companies
(Compliance Certificate) Rules, 2001

To,
The Members,
Blue Chip Tex Industries Limited

Nominal Capital: 2,50,00,000
Registration No.: 037514
(31/03/2012)

I have examined the registers, records, books and papers of **Blue Chip Tex Industries Limited** (the Company) as required to be maintained under the Companies Act 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2012**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited Company, comments are not required.
4. The Board of Directors duly met 8 times on **27.05.2011, 16.07.2011, 11.08.2011, 12.09.2011, 25.10.2011, 03.11.2011, 28.11.2011, 24.01.2012**, in respect of which meetings proper notice were given and the proceedings were properly recorded and signed.
5. The Company closed its Register of Members from **04.08.2011 to 11.08.2011** and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31.03.2011** was held on **11.08.2011** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. **No** Extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in the respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Board of Directors has approved the issue of duplicate of Share Certificate.

13. The Company has:
- i. delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - ii. deposited the amount of dividend in a separate Bank Account on 15th August, 2010 which is within five days from the date of declaration.
 - iii. paid/post warrants for dividends to all members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend account of the Company with ICICI Bank on 17th September, 2011.
 - iv. transferred the amounts in to unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to Investor Education & Protection Fund.
 - v. the Company has duly-complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has obtained necessary approval of Company Law Board under Section 141 of the Act for Condonation of delay and complied with necessary provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions, which required the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the preview of Section 58A during the financial year.
24. The amount borrowed by the Company from bank during the financial year 31st March, 2012 is within the borrowing limits of the Company and that necessary resolutions as per Section 293 (1)(d) of the Act have been passed.
25. The Company has made loans or advances or given guarantees or provided securities to other bodies corporate in compliance with the provision of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the financial year.

BLUE CHIP TEX INDUSTRIES LTD.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Provident Fund is not applicable.

Place: Mumbai
Date: 28.05.2012

Signature :
Name of Company Secretary : Pramod S. Shah
C.P.No. : 3804

Annexure A

The Company has been maintaining the statutory records such as:

- 1) Minutes Book (Board Meeting)
- 2) Minutes Book (AGM & EGM)
- 3) Register of Member
- 4) Register of Director
- 5) Register of Director's shareholding
- 6) Register of Contracts
- 7) Register of Investment
- 8) Register of Charges

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011.

Sr. No.	Form No.	Filed u/s	For	Date of Filing	Whether filed within prescribed time	If delay in filing whether requisite additional fee paid
1	Form 23AC, ACA XBRL	220	Annual Report for the financial year ended 31.03.2011	23.12.2011	Yes	N.A.
2	Form 20 B	159	Annual Return	30.09.2011	Yes	N.A.
3	Secretarial Compliance Report - Form 66	383A	Compliance Certificate as on 31.03.2011	26.08.2011	Yes	N.A.
4	Form 21	141	Condonation of delay in filing Form 17	04.11.2011	Yes	N.A.
5	Form 17	138	Satisfaction of charge	06.09.2011	No	Yes
6	Form 32	260	Appointment of Mr.Rahul Khemani and Shahin Khemani as director	29.08.2011	Yes	N.A.
7	Form 8	135	Modification of Charge	24.01.2012	Yes	N.A.
8	Form 8	135	Modification of Charge	24.01.2012	Yes	N.A.
9	Form 11NV	Rule 3 of Investor Education and Protection fund (Awareness & Protection of Investors) Rules, 2001	Statement of amounts credited to investor education and protection fund	23.08.2011	Yes	N.A.

BLUE CHIP TEX INDUSTRIES LTD.

CERTIFICATE

To
THE MEMBERS OF
BLUE CHIP TEX INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **BLUE CHIP TEX INDUSTRIES** for the year ended on 31st March 2012, as stipulated in clause 49 of the listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned clause of the listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Rajendra & Co.**
Chartered Accountants

Sd/-
Akshay R. Shah
Partner
Membership No. 103316

Mumbai
Dated : 28th May, 2012

AUDITORS' REPORT

To the Members of BLUE CHIP TEX INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **Blue Chip Tex Industries Limited** as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in so far as it relates to the Statement of Profit and Loss, of the "Profit" of the Company for the year ended on that date; and
 - (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **Rajendra & Co.**
Chartered Accountants
(Registration No. 108355W)

Sd/-
Akshay R. Shah
Partner

Mumbai
Dated : 28th May, 2012

Membership No.: 103316

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details situation of fixed assets.
 - b. As explained to us, the fixed assets have been physically verified by the Management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The discrepancies noticed on physical verification of stock as compared to the book records were not material and have been properly dealt with in the books of accounts.
3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or any other parties covered in the register maintained under section 301 of the Act. Hence, clause (iii) of para 4 of the aforesaid Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956;
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts / arrangements in excess of ₹ 5 Lakhs in respect of any party during the year, have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time, where such prices are available.
6. The Company has not accepted any deposits from the public.
7. The Company did not have an internal audit system during the year but its internal control procedures ensure reasonable internal checking for its financial and other records.
8. The Central Government under Section 209 (1) (d) of the Companies Act, 1956, has prescribed the maintenance of cost accounts and records in respect of the manufacturing activity of the Company. As explained to us, the Company is in the process of completing necessary records in respect of the same. Pending completion of the same, we are unable to offer any comment.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax,

Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable:

- b. According to the information and explanations given to us, there are no disputed statutory dues pending as on 31st March, 2012 except for disputed income tax liability of ₹ 77,872/- related to Assessment Year 2005-2006, ₹ 4,63,702/- related to Assessment Year 2009-2010 and ₹ 9,89,201/- related to Assessment Year 2010-11, against which are pending before the Income Tax Officer for rectification.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the Information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. There are no borrowings from Financial Institutions or by way of Debentures.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of dealing in Shares, Securities and other investments and timely entries have been made therein. All Shares, securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans raised by the Company during the year were utilized for the purpose for which the same were taken.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not used funds raised on short-term basis for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **Rajendra & Co.**
Chartered Accountants
(Registration No. 108355W)

Sd/-
Akshay R. Shah
Partner

Membership No.: 103316

Mumbai
Dated : 28th May, 2012

BLUE CHIP TEX INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE No.	As at 31 st March 2012		As at 31 st March 2011	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	1	1,97,55,450		1,97,55,450	
(b) Reserves and Surplus	2	2,13,13,549	4,10,68,999	2,09,21,491	4,06,76,941
Non-Current Liabilities					
(a) Long Term Borrowings	3	5,31,24,908		1,69,88,262	
(b) Deferred Tax Liability (Net)	4	41,57,199		29,61,119	
(c) Long-term Provisions	5	9,628	5,72,91,735	8,554	1,99,57,935
Current Liabilities					
(a) Short Term Borrowings	6	2,60,96,511		—	
(b) Trade Payables	7	4,24,25,451		22,28,699	
(c) Other Current Liabilities	8	3,04,04,451		1,39,03,368	
(d) Short-term Provisions	9	23,79,946	10,13,06,359	23,49,300	1,84,81,367
TOTAL			19,96,67,093		7,91,16,243
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	12,53,97,769		2,08,95,704	
(ii) Intangible Assets	10	—		—	
(iii) Capital Work-in-progress	10	3,04,382		94,94,548	
(b) Non-Current Investments	11	44,04,500		45,04,500	
(c) Long Term Loans and Advances	12	1,06,06,679	14,07,13,330	2,03,17,655	5,52,12,407
Current Assets					
Inventories	13	1,96,17,250		25,46,263	
Trade Receivables	14	2,88,90,765		81,33,074	
Cash and Cash Equivalents	15	96,86,040		1,31,58,923	
Short Term Loans and Advances	16	7,59,708		65,576	
TOTAL			5,89,53,763		2,39,03,836
TOTAL			19,96,67,093		7,91,16,243

Significant Accounting Policies
Notes on Financial Statements

1 to 30

As per our report of even date

For and on behalf of the Board

For **Rajendra & Co.**
Registration No. 108355W
Chartered Accountants

sd/-
Nand Khemani
Managing Director

sd/-
Akshay R. Shah
Partner
Membership No. 103316
Place: Mumbai
Dated: 28th May, 2012

sd/-
Ashok Khemani
Director

sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 28th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE NO.	2011-12 ₹	2010-11 ₹
INCOME			
Revenue from Operations	17	48,74,16,553	12,07,02,828
Other Income	18	11,56,344	12,69,982
Total Revenue		48,85,72,897	12,19,72,810
EXPENDITURE			
Cost of Materials Consumed	19	42,69,52,317	10,42,14,742
Changes in Inventories of Finished Goods,	20	(87,39,031)	(3,62,009)
Employee Benefits Expense	21	12,21,239	8,74,369
Finance Costs	22	75,29,611	1,17,123
Depreciation and Amortisation Expense		64,08,411	18,63,211
Other Expenses	23	5,10,99,589	96,60,093
Total Expenses		48,44,72,136	11,63,67,529
Profit before taxes		41,00,761	56,05,281
Tax Expenses			
Current Tax - for the current year		7,95,000	20,50,000
Current Tax - related to earlier years		—	482
Deferred Tax		11,96,080	(3,70,990)
Profit after tax		21,09,681	39,25,789

Earnings per equity share of face value
of ₹10 each

Basic and Diluted	26	1.07	1.99
-------------------	----	------	------

Significant Accounting Policies

Notes on Financial Statements 1 to 30

As per our report of even date

For **Rajendra & Co.**
Registration No. 108355W
Chartered Accountants

sd/-
Akshay R. Shah
Partner
Membership No. 103316
Place: Mumbai
Dated: 28th May, 2012

For and on behalf of the Board

sd/-
Nand Khemani
Managing Director

sd/-
Ashok Khemani
Director

sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 28th May, 2012

BLUE CHIP TEX INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011 - 2012 ₹	2010 - 2011 ₹
A. Cash flow from Operating Activities		
Profit before Tax	41,00,761	56,05,281
Adjustment for:		
Depreciation	64,08,411	18,63,211
Provision for Gratuity and Leave Encashment	(420)	1,143
Share of Loss from Partnership Firm	1,25,312	41,308
Loss on redemption of units of Mutual Fund	1,20,133	15,191
Loss on fixed assets discarded	7,73,908	—
Interest Received	(5,85,351)	(69,530)
Interest received/Charged - Partnership firm	7,49,232	(4,58,744)
Interest Paid	59,57,569	1,17,123
Sundry balances written back	—	(118)
Dividend Received	(2,41,126)	(3,03,481)
Operating Profit before Working Capital Changes	1,74,08,429	68,11,384
Adjustment for:		
Inventories	(1,70,70,987)	(5,82,655)
Trade and other receivables	(2,82,17,524)	(36,62,825)
Trade and other payables	4,43,24,267	14,09,722
Cash generated in Operations	1,64,44,185	39,75,626
Income taxes paid	(7,62,860)	(18,22,676)
Net Cash inflow from Operating Activities (A)	1,56,81,325	21,52,950
B. Cash flow from Investing Activities		
Purchase of investments (mutual fund)	(24,00,000)	(45,00,000)
Proceeds from redemption of units of mutual fund	23,79,867	24,84,809
Investment in Firm	25,00,000	1,97,70,743
Purchase of fixed assets	(8,60,17,541)	(2,75,66,933)
Interest received	585,351	5,28,274
Dividend received	241,126	3,03,481
Net Cash used in Investing Activities (B)	(8,27,11,197)	(89,79,626)
C. Cash flow from Financing Activities		
Proceeds from secured loan	7,17,66,304	1,68,30,114
Repayment of secured loan	(5,88,405)	(5,23,584)
Dividend paid (Including tax on dividend)	(16,63,341)	(15,96,963)
Interest paid	(59,57,569)	(1,17,123)
Net Cash inflow from Financing Activities (C)	6,35,56,989	1,45,92,444
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(34,72,883)	77,65,768
Cash and cash equivalents at the beginning of the year	1,31,58,923	53,93,155
Cash and cash equivalents at the end of the year	96,86,040	1,31,58,923

NOTES TO CASH FLOW STATEMENT

- The Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3 Revised) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous years figures have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.

As per our report of even date

For and on behalf of the Board

For **Rajendra & Co.**
Registration No. 108355W
Chartered Accountants

sd/-
Nand Khemani
Managing Director

sd/-
Akshay R. Shah
Partner
Membership No. 103316
Place: Mumbai
Dated: 28th May, 2012

sd/-
Ashok Khemani
Director

sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 28th May, 2012

SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of accounts:

The accounts have been prepared on accrual basis and on historical cost convention in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. All costs including cost of financing till commencement of commercial production are capitalised.

d) Depreciation:

Depreciation on furniture is provided on written down value basis and on all other assets on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

e) Investments:

Investments classified as Long-Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments.

f) Inventories:

Items of Inventories are valued as under:

I. Packing Material and Oil :

At cost, on First-in-first-out (FIFO) basis or net realisable value, whichever is lower.

II. Raw Materials:

At cost, on FIFO basis or net realisable value, whichever is lower.

III. Finished Goods (manufactured):

At cost which includes cost of raw materials determined on FIFO basis plus appropriate share of overhead expenses or net realisable value, whichever is lower.

IV. The stock of stores and spares is charged to revenue in the year of purchase and no adjustment is made for such stocks, if any, at the year end.

g) Employee Benefits :

The Provisions of Employees Provident fund Act, 1952 is not applicable to the Company. Post employment and other long term employee benefits are recognised as expense in the Profit &

BLUE CHIP TEX INDUSTRIES LTD.

Loss Account for the year in which the Employees have rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques.

h) Income taxes:

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS 22) issued by The Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured at relevant enacted or substantially enacted tax rates. At each Balance sheet date, the company reassesses unrealised deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

i) Revenue Recognition:

- Revenue on sale of products is recognised when the products are despatched to the customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. The sales are stated net of returns.
- Revenue from sale of power produced on generation of electrical energy is accounted when electricity is delivered at the metering point in terms of power purchase agreement with the customer.
- Revenue in respect of insurance or other claims, quantity discount on purchase, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

j) Provisions, Contingent liabilities and Contingent assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

k) Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

l) Borrowing costs:

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Previous year figures have been regrouped / reclassified , wherever necessary to conform to the current year presentation.

Note No.

1 SHARE CAPITAL:

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
Authorised Share Capital				
25,00,000 (25,00,000) Equity Shares of ₹10 each		2,50,00,000		2,50,00,000
		<u>2,50,00,000</u>		<u>2,50,00,000</u>
Issued, Subscribed and Paid up				
19,70,500 (19,70,500) Equity Shares of ₹10 each fully paid up	1,97,05,000		1,97,05,000	
Add: Forfeited Shares	<u>50,450</u>		<u>50,450</u>	
		<u>1,97,55,450</u>		<u>1,97,55,450</u>
TOTAL		<u>1,97,55,450</u>		<u>1,97,55,450</u>

1.1 All the equity shares carry equal rights and obligations including for dividend and with respect to voting.

1.2 The details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at		As at	
	31 st March, 2012		31 st March, 2011	
	No.of Shares	% held	No.of Shares	% held
1 Beekaylon Synthetics Private Limited	488,988	24.82	488,988	24.82
2 Indotex Export House Private Limited	208,300	10.57	208,300	10.57
3 Sangam Syntwist Textile Private Limited	162,100	8.23	162,100	8.23

2 RESERVES AND SURPLUS:

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
Capital Reserve No.1				
(Central Government Investment subsidy for unit in Backward Area)				
As per last Balance sheet		25,00,000		25,00,000
Capital Reserve No.2				
(Amount forfeited on equity shares warrants)				

BLUE CHIP TEX INDUSTRIES LTD.

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
As per last Balance sheet		15,600		15,600
Securities Premium				
As per last Balance sheet		33,80,363		33,80,363
General Reserve				
As per last Balance sheet		29,57,829		29,57,829
Profit and Loss Account				
As per last Balance sheet	1,20,67,699		98,59,533	
Add : Profit for the year	21,09,681		39,25,789	
	<u>1,41,77,380</u>		<u>1,37,85,322</u>	
Less: Appropriations				
Proposed Dividend on Equity Shares	14,77,875		14,77,875	
[Dividend per share ₹0.75 (Previous year ₹.0.75)]				
Tax on Dividend	2,39,748	1,24,59,757	2,39,748	1,20,67,699
TOTAL		<u>2,13,13,549</u>		<u>2,09,21,491</u>

3 LONG TERM BORROWINGS:

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
Secured				
Term Loans - From Banks	6,24,99,908		1,68,30,115	
Less : Short Term Maturities of Term Loans	(93,75,000)	5,31,24,908	—	1,68,30,115
Secured Vehicle Loans	1,58,147		7,46,552	
Less : Short Term Maturities of Vehicle Loans	(1,58,147)	—	(5,88,405)	1,58,147
TOTAL		<u>5,31,24,908</u>		<u>1,69,88,262</u>

3.1 Term Loans from Axis Bank Ltd.

Term Loans from Axis Bank Ltd. aggregating to ₹6,24,99,908/- (Previous Year ₹1,68,30,115/-) is secured by Primary Security: Extension of first charge on entire current assets of the company, both present and future.

Collateral Security : Extension of first charge of the entire fixed assets of the company including equitable mortgage of land, building & including other immovable assets of the factory unit at Plot No.63-B (Approx.2000 sq.mtr. out of total plot area of 6822.50 sq.mtrs. On which the company is constructing factory building).

Exclusive first charge over the entire movable/immovable assets of the wind power project at Thungavi.

- 3.2 Personal guarantee of the two directors of the company.
 3.3 Pledge of promoters equity shares at 30% of the total shareholding.
 3.4 Repayment Schedule and Rate of interest of Term Loans from Axis Bank Ltd. as set out below :

Year	Repayment Schedule				
	2013-14	2014-15	2015-16	2016-17	2017-18
₹	93,75,000	93,75,000	93,75,000	1,25,00,004	1,24,99,904
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%

3.5 Vehicle Loan from HDFC Bank Ltd, is secured by Specific Vehicle.

3.6 Rate of Interest 11.73%

DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
Deferred Tax Liabilities		
Related to fixed assets	73,05,392	29,61,472
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961 and unabsorbed loss	31,48,193	353
TOTAL	<u>41,57,199</u>	<u>29,61,119</u>

5 LONG TERM PROVISIONS:

Provision for Gratuity	9,628	8,554
TOTAL	<u>9,628</u>	<u>8,554</u>

6 SHORT TERM BORROWINGS:

Secured #		
Bank Overdraft - Working capital loans	2,60,96,511	—
TOTAL	<u>2,60,96,511</u>	<u>—</u>

Primary Security: Extension of first charge on entire current assets of the company, both present and future.

Collateral Security : Extension of first charge of the entire fixed assets of the company including equitable mortgage of land, building & including other immovable assets of the factory unit at Plot No.63-B (Approx.2000 sq.mtr. out of total plot area of 6822.50 sq.mtrs. On which the company is constructing factory building).

Exclusive first charge over the entire movable/immovable assets of the wind power project at Thungavi.

Personal guarantee of the two directors of the company.

Pledge of promoters equity shares at 30% of the total shareholding.

BLUE CHIP TEX INDUSTRIES LTD.

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
7 TRADE PAYABLES:		
Micro, Small and Medium enterprises *	—	—
Others #	4,24,25,451	22,28,699
TOTAL	<u>4,24,25,451</u>	<u>22,28,699</u>

* The company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

Includes ₹3,12,86,695/- payable to a related party - Beekaylon Synthetics Private Limited. [Refer Note No.27]

8 OTHER CURRENT LIABILITIES:		
Current Maturities of Long Term Loans	93,75,000	—
Current Maturities of Vehicle Loan (Refer Note No.3.1)	1,58,147	5,88,405
Unclaimed dividend *	5,36,054	4,81,772
Due to a firm wherein the Company is a Partner (Refer Note No. 27 and 29)	1,45,57,108	1,11,82,564
Other Payables #	57,78,142	16,50,627
TOTAL	<u>3,04,04,451</u>	<u>1,39,03,368</u>

* These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

Includes mainly statutory dues, security deposits and advances from customers

9 SHORT TERM PROVISIONS:		
Provision for Leave Encashment	657	2,15
Proposed dividend	14,77,875	14,77,875
Tax on dividend	2,39,748	2,39,748
Provision for tax (Net of Advance Tax paid)	6,61,666	6,29,526
TOTAL	<u>23,79,946</u>	<u>23,49,300</u>

Notes No. 10

FIXED ASSETS (AT COST)

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	DEDUCTIONS	AS ON 31.03.2012	AS ON 01.04.2011 FOR THE YEAR	DEDUCTIONS	UPTO 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
TANGIBLE ASSETS									
FREE HOLD LAND	45,22,633	—	—	45,22,633	—	—	—	45,22,633	45,22,633
BUILDINGS	1,29,48,796	3,97,22,746	29,39,536	4,97,32,006	51,58,356	10,16,357	39,85,121	4,57,46,885	77,90,440
PLANT AND MACHINERY	1,25,49,946	6,14,58,466	4,79,287	7,35,29,125	57,03,365	46,41,976	98,90,018	6,36,39,107	68,46,561
FACTORY EQUIPMENT	4,75,655	—	—	4,75,655	4,51,873	—	4,51,873	23,782	23,782
ELECTRICAL INSTALLATIONS	9,23,396	99,39,439	—	1,08,62,835	8,77,226	5,33,845	14,11,071	94,51,764	46,170
COMPUTER	51,750	87,750	—	1,39,500	10,755	14,481	25,236	1,14,264	40,995
FURNITURE AND FIXTURES	3,05,894	4,75,983	—	7,81,877	3,01,205	20,052	3,21,257	4,60,620	4,689
VEHICLE	19,12,627	—	—	19,12,627	2,92,213	1,81,700	4,73,913	14,38,714	16,20,414
TOTAL	3,36,90,697	11,16,84,384	34,18,823	14,19,56,258	1,27,94,993	64,08,411	1,65,58,489	12,53,97,769	2,08,95,704
PREVIOUS YEAR	3,36,45,697	45,000	—	33690,997	1,09,31,782	18,63,211	1,27,94,993	2,08,95,704	—
Capital Work in Progress								3,04,382	94,94,548

10.1 The Company holds 10 (Previous year: 10) Equity shares of face value of ₹1,000 each in Danudyog Sahakari Sangh Ltd in respect of ownership of Land, cost of which is included in "Land (Free hold)".

10.2 Plant and Machinery includes Windmill.

BLUE CHIP TEX INDUSTRIES LTD.

	As at 31 st March, 2012		As at 31 st March, 2011	
	₹	₹	₹	₹
11 NON CURRENT INVESTMENTS:				
(Long Term Investments)				
(i) Trade Investments (Unquoted)				
Investment in Partnership Firm				
Jay Gee Rayons (Refer Note 27 and 29)		4,500		4,500
(ii) Other Investments				
Investment in Mutual Fund (Unquoted)				
Nil (Previous year 76,733.015) units of HDFC MF Monthly Income Plan - Long Term - Monthly Div	—		10,00,000	
33,363,360 (Previous year 33,363,360) units of	10,00,000		10,00,000	
Hdfc Prudence Fund - Div Payout				
Nil (Previous year 34,866,288) units of IDCF Small & Midcap Equity (SME) Fund - Dividend	—		5,00,000	
Nil (Previous year 90,269.816) units of Reliance Monthly Income Plan	—		10,00,000	
12,593.507 (Previous year 12,593.507) units of	5,00,000		5,00,000	
Reliance Phama Fund - Dividend Plan				
8,781.173 (Previous year 8,781.173) units of	5,00,000		5,00,000	
SBI-Magnum Multiplier Plus Scheme - 93-Dividend				
84,647.599 (Previous year Nil) units of Hdfc Cash Management Fund - Treasury Advantage Plan	19,00,000		—	
34,866.288 (Previous year Nil) units of	5,00,000		—	
Idfc Sterling Equity Fund - Div.				
		44,00,000		45,00,000
TOTAL		44,04,500		45,04,500

27th ANNUAL REPORT 2011-12

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
12 LONG TERM LOANS AND ADVANCES:				
(i) Capital advances	15,50,708		1,80,27,385	
(ii) Security Deposits	1,42,500		1,42,500	
(iii) Loans and advances to related parties [Refer Note no.27]	—		20,98,740	
(iv) Other Loans and Advances #	89,13,471		49,030	
TOTAL	<u>1,06,06,679</u>		<u>2,03,17,655</u>	

Includes mainly VAT Refund Receivable and Prepaid Expenses

13 INVENTORIES :				
(i) Raw materials	70,82,097		8,03,765	
(ii) Finished goods	1,02,56,074		15,17,043	
(iii) Packing materials and oil	22,79,079		2,25,455	
TOTAL	<u>1,96,17,250</u>		<u>25,46,263</u>	

14 TRADE RECEIVABLES:				
(Unsecured and Considered Good)				
Over six months	5,08,830		13,970	
Other debts #	2,83,81,935		81,19,104	
TOTAL	<u>2,88,90,765</u>		<u>81,33,074</u>	

Includes ₹7,22,617/- from related party - Beekaylon Synthetics Private Limited. [Refer Note No.27]

15 CASH AND CASH EQUIVALENTS:				
(i) Balances with banks				
(a) Current accounts - unclaimed dividend accounts	5,36,053		4,81,772	
(b) Current accounts	42,36,581		92,69,291	
(c) Fixed deposits accounts @ #	49,05,000	96,77,634	34,00,000	1,31,51,063
(i) Cash on hand		8,406		7,860
TOTAL		<u>96,86,040</u>		<u>1,31,58,923</u>

@ Fixed deposit receipt of ₹13,30,000 (Previous year ₹25,000) of Dena Bank Ltd. pledged as margin money-under bank's lien for guarantee given by the bank on behalf of the Company and Fixed deposit receipt of ₹35,75,000 (Previous year ₹33,75,000) of Axis Bank Ltd. pledged towards DSR money under bank's lien for term loan given by bank to the company.

Fixed Deposits with Bank includes ₹15,05,000 with maturity of more than 12 months.

BLUE CHIP TEX INDUSTRIES LTD.

	As at 31 st March, 2012		As at 31 st March, 2011	
	₹	₹	₹	₹
16 SHORT TERM LOANS AND ADVANCES:				
Others #		7,59,708		65,576
		<u>7,59,708</u>		<u>65,576</u>
# Includes mainly Prepaid expenses and Advances to Suppliers				
17 REVENUE FROM OPERATIONS:				
(a) Sale of Products				
Texturised and Twisted Yarn	48,19,11,460		11,96,32,434	
Power	<u>9,78,277</u>	<u>48,28,89,737</u>	<u>10,70,394</u>	<u>12,07,02,828</u>
(b) Sale of Services				
Job Work Income [Refer Note No.27]		45,26,816		—
TOTAL		<u>48,74,16,553</u>		<u>12,07,02,828</u>
18 OTHER INCOME:				
Interest Income		5,85,351		5,28,274
Dividend Income - (On Long Term Investments)		2,41,126		3,03,481
Loss on sale of Long Term Investments		(1,20,133)		(15,191)
Rent Income [Refer Note No.27]		4,50,000		4,53,300
Sundry Balances written back		—		118
TOTAL		<u>11,56,344</u>		<u>12,69,982</u>
19 COST OF MATERIAL CONSUMED (Indigenous):				
Yarn				
Opening Stock		8,03,765		5,69,899
Add: Purchases during the year		43,32,30,649		10,44,48,608
Less: Closing Stock		<u>70,82,097</u>		<u>8,03,765</u>
TOTAL		<u>42,69,52,317</u>		<u>10,42,14,742</u>
20 CHANGES IN INVESTORIES OF FINISHED GOODS:				
Inventories - at close				
Finished Goods		1,02,56,074		15,17,043
Inventories - at commencement				
Finished Goods		<u>15,17,043</u>		<u>11,55,034</u>
TOTAL		<u>(87,39,031)</u>		<u>(3,62,009)</u>

27th ANNUAL REPORT 2011-12

	As at 31 st March, 2012		As at 31 st March, 2011	
	₹	₹	₹	₹
21 EMPLOYEE BENEFITS EXPENSE:				
(a) Salaries and Wages		12,15,144		8,74,314
(b) Staff Welfare Expenses		6,095		55
TOTAL		12,21,239		8,74,369

21.1 As per Accounting standard – 15 “Employees Benefits” the disclosure of Employees benefits as defined in the Accounting Standard are given below:

Defined contribution Plan : The Provisions of Employees Provident Fund Act, 1952 is not applicable to the Company.

Defined benefits Plan (Non funded) :

The liability in respect of Gratuity has been provided based on the Actuarial valuation. The liability at the beginning of the year was ₹8,554.

Current Service Cost is ₹1,074 and liability at the end of the year is ₹9,628. The same have been provided for by way of charge to profit & Loss account.

The liability in respect of Leave Encashment has been provided based on the Actuarial valuation. The liability at the beginning of the year was ₹2,151.

Current Service Cost is ₹(1,494) and liability at the end of the year is ₹657. The same have been provided for by way of credit to profit & Loss account.

22 FINANCE COST:				
Interest Expenses		67,06,801		1,17,123
Other Borrowing Costs		8,22,810		—
TOTAL		75,29,611		1,17,123

22.1 Interest expenses includes ₹7,49,232 to a related party - [Refer Note No.27]

23 OTHER EXPENSES:					
(a) Manufacturing expenses					
Packing materials	1,54,15,727		34,60,295		
Stores, Spares and Oil consumed	1,49,30,111		17,07,894		
Power and fuel	92,95,351		9,87,240		
Contract labour charges/Job work charges	40,60,114		17,10,743		
Repairs to Building	1,54,216		16,790		
Repairs to Plant and Machinery	25,38,668		3,70,644		
Rent [Refer Note No.27]	12,000		12,000		
Rates and taxes	13,849		13,849		
Insurance	55,729	4,64,75,765	25,170		83,04,625

BLUE CHIP TEX INDUSTRIES LTD.

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	₹	₹	₹
(b) Establishment Expenses				
Auditors remuneration [Refer Note No.25]	1,74,158		1,43,390	
Directors sitting fees [Refer Note No.27]	8,000		10,000	
Loss on sale / discard of Assets	7,73,908		—	
Share of Loss from a Partnership Firm [Refer Note No.27 and 29]	1,25,312		41,308	
Miscellaneous expenses	<u>11,38,689</u>	<u>22,20,067</u>	<u>7,19,991</u>	<u>9,14,689</u>
(c) Selling and Distribution Expenses				
Brokerage and Commission	21,11,267		4,04,398	
Business Promotion Expenses	25,331		35,284	
Freight Charges	<u>2,67,159</u>	<u>24,03,757</u>	<u>1,097</u>	<u>4,40,779</u>
TOTAL		<u><u>5,10,99,589</u></u>		<u><u>96,60,093</u></u>

24 VALUE OF STORES (INCLUDING OIL) AND PACKING MATERIALS CONSUMED:

	As at		As at	
	31 st March, 2012		31 st March, 2011	
	₹	%	₹	%
Imported	—	—	—	—
Indigenous	3,03,45,838	100%	51,68,189	100%
TOTAL	<u><u>3,03,45,838</u></u>	<u><u>100%</u></u>	<u><u>51,68,189</u></u>	<u><u>100%</u></u>

25 PAYMENT TO AUDITOR AS:

	F.Y. 2011-12	F.Y. 2010-11
Audit Fees	1,40,450	1,10,300
Tax Audit Fees	33,708	33,090
TOTAL	<u><u>1,74,158</u></u>	<u><u>1,43,390</u></u>

26 EARNING PER SHARE:

	F.Y. 2011-12	F.Y. 2010-11
a. Net Profit after tax		
Profit attributable to Equity Shareholders	21,09,681	39,25,789
b. Weighted average number of Equity Shares	19,70,500	19,70,500
c. Nominal value of Equity Shares	10	10
d. Earning per Share (Basic and diluted)	1.07	1.99

27 RELATED PARTY DISCLOSURES:

a) Names of related parties and description of relationship:

- i. Key Management Personnel : Mr. Nand K. Khemani
Mr. Ashok K. Khemani
Mr. Kumar Nathani
Mr. Anil Mandhana
Mr. Rahul A. Khemani
(Additional Director w.e.f. 1.11.2010)
Mr. Shahin N. Khemani
(Additional Director w.e.f. 1.11.2010)
- ii. Others (Entities in which Key Management Personnel have control or significant influence)
Beekaylon Synthetics Private Limited
Indo Leather Works
Jay Gee Rayons
- iii. Relatives of Key Management Personnel
Mr. Rahul A. Khemani (upto 31.10.2010)
Mr. Shahin N. Khemani (up to 31.10.2010)

b) Transactions with related parties :

Sr. No.	Nature of Transactions	Others (₹)	Key Management Personnel and Relatives (₹)	Total (₹)
1	Security Deposit Received Balance as at 31 st March, 2012	5,00,000 (5,00,000)	Nil (Nil)	5,00,000 (5,00,000)
2	Rent Received on Factory Building Beekaylon Synthetics Pvt. Ltd.	4,50,000 (4,50,000)	Nil (Nil)	4,50,000 (4,50,000)
3	Rent Paid Indo Leather Works	12,000 (12,000)	Nil (Nil)	12,000 (12,000)
4	Insurance Premium (Reimbursed) Beekaylon Synthetics Pvt. Ltd.	1,29,018 (33,775)	Nil (Nil)	1,29,018 (33,775)
5	Purchase of raw materials and goods Beekaylon Synthetics Pvt. Ltd.	36,03,91,509 (10,44,48,608)	Nil (Nil)	36,03,91,509 (10,44,48,608)
6	Job Work Charges Beekaylon Synthetics Pvt. Ltd.	2,75,672 (Nil)	Nil (Nil)	2,75,672 Nil
7	Sale of goods Beekaylon Synthetics Pvt. Ltd.	2,45,75,918 (Nil)	Nil (Nil)	2,45,75,918 Nil
8	Job Work (Income) Beekaylon Synthetics Pvt. Ltd.	45,26,816 (Nil)	Nil (Nil)	45,26,816 Nil

BLUE CHIP TEX INDUSTRIES LTD.

Sr. No.	Nature of Transactions	Others	Key Management Personnel and Relatives	Total
		(₹)	(₹)	(₹)
9	Salary Rahul A. Khemani	Nil (Nil)	Nil (1,40,000)	Nil (1,40,000)
	Shahin N. Khemani	Nil (Nil)	Nil (3,15,000)	Nil (3,15,000)
8	Remuneration to Director Rahul A. Khemani	Nil (Nil)	2,40,000 (1,00,000)	2,40,000 (1,00,000)
	Shahin N. Khemani	Nil (Nil)	5,40,000 (2,25,000)	5,40,000 (2,25,000)
10	Sitting Fees Ashok Khemani	Nil (Nil)	2,000 (4,000)	2,000 (4,000)
	Anil Mandhana	Nil (Nil)	1,000 (2,000)	1,000 (2,000)
	Kumar Nathani	Nil (Nil)	5,000 (4,000)	5,000 (4,000)
11	Interest from Partnership Firm Jay Gee Rayons	Nil (4,58,744)	Nil (Nil)	Nil (4,58,744)
12	Interest to Partnership Firm Jay Gee Rayons	7,49,232 (Nil)	Nil (Nil)	7,49,232 (Nil)
13	Share of Loss from Partnership Firm Jay Gee Rayons	1,25,312 (41,308)	Nil (Nil)	1,25,312 (41,308)
14	Balance Recoverable /Receivable Beekaylon Synthetics Pvt. Ltd.	7,22,617 (20,98,740)	Nil (Nil)	7,22,617 (20,98,740)
15	Balance Payable Beekaylon Synthetics Pvt. Ltd.	3,12,86,695 (Nil)	Nil (Nil)	3,12,86,695 (Nil)
16	Investment in Partnership Firm Jay Gee Rayons	4,500 (4,500)		4,500 (4,500)
17	Investment during the year as a capital contributions	Nil (3,00,000)	Nil (Nil)	Nil (3,00,000)
18	Withdrawals during the year	25,00,000 (2,05,29,487)	Nil (Nil)	25,00,000 (2,05,29,487)
19	Balance as at 31 st March, 2012 Payable	1,45,57,108 (1,11,82,564)	Nil (Nil)	1,45,57,108 (1,11,82,564)

27.1 Related party relationship is as identified by the management and relied upon by the Auditors.

27.2 Previous year figures are given in brackets

28 CONTINGENT LIABILITIES AND COMITMENTS:

(To the extent not provided for)

(i) In respect of Disputed Income Tax Liabilities/Demand :

	F.Y. 2011-12	F.Y. 2010-11
Disputed Income Tax liability of assessment year 2005-06	77,872	77,872
Disputed Income Tax liability of assessment year 2009-10	4,63,702	—
Disputed Income Tax liability of assessment year 2010-11	9,89,201	—

(ii) Comittments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for. (net of advances)	1,16,080	7,52,85,838
--	----------	-------------

29 PARTICULARS ABOUT INVESTMENT IN PARTNERSHIP FIRM:

Name of the Firm - Jay Gee Rayons

Name of the Partners	As at 31.03.2012			Share of Profit/Loss of each Partner
	Fixed Capital Account ₹	Current Capital Account ₹	Total Capital Account ₹	
M/s.Beekaylon Synthetics Pvt. Ltd.	5,000	1,35,60,568	1,35,65,568	10%
M/s.Bluechip Tex Industries Ltd.	4,500	(1,45,57,108)	(1,45,52,608)	9%
M/s.Indotex Export House Pvt. Ltd.	4,500	42,87,045	42,91,545	9%
M/s.Sangam Syntwist Textile Pvt. Ltd.	4,500	82,83,952	82,88,452	9%
Mr. Roop K.Khemani	4,500	34,522	39,022	9%
Mr. Nand K. Khemani	4,500	34,522	39,022	9%
Mr. Ashok K. Khemani	4,500	34,574	39,074	9%
Mr. Rahul A. Khemani	4,500	34,575	39,075	9%
Mr. Ramesh R. Khemani	4,500	34,575	39,075	9%
Mr. Shahin N. Khemani	4,500	34,575	39,075	9%
Mr. Siddharth A. Khemani	4,500	34,575	39,075	9%
Total	50,000	1,18,16,375	1,18,66,375	

BLUE CHIP TEX INDUSTRIES LTD.

Name of the Partners	As at 31.03.2011			Share of Profit/Loss of each Partner
	Fixed Capital Account ₹	Current Capital Account ₹	Total Capital Account ₹	
M/s.Beekaylon Synthetics Pvt. Ltd.	5,000	1,50,29,628	1,50,34,628	10%
M/s.Bluechip Tex Industries Ltd.	4,500	(1,11,82,564)	(1,11,78,064)	9%
M/s.Indotex Export Hoose Pvt. Ltd.	4,500	12,21,766	12,26,266	9%
M/s.Sangam Syntwist Textile Pvt. Ltd.	4,500	26,71,490	26,75,990	9%
Mr. Roop K.Khemani	4,500	(85,061)	(80,561)	9%
Mr. Nand K. Khemani	4,500	(85,061)	(80,561)	9%
Mr. Ashok K. Khemani	4,500	(85,012)	(80,512)	9%
Mr. Rahul A. Khemani	4,500	(85,012)	(80,512)	9%
Mr. Ramesh R. Khemani	4,500	(85,012)	(80,512)	9%
Mr. Shahin N. Khemani	4,500	(85,012)	(80,512)	9%
Mr. Siddharth A. Khemani	4,500	(85,012)	(80,512)	9%
Total	50,000	71,45,138	71,95,138	

30 Segment Information :

	Yarn Busines ₹	Wind Power Generation ₹	Investments ₹	Total ₹
Segment revenue	48,64,38,276 (11,96,32,434)	9,78,277 (10,70,394)	— —	48,74,16,553 (12,07,02,828)
Segment Results before interest and tax	1,27,75,689 (62,30,061)	(3,95,539) (-2,68,710)	(4,320) (7,05,726)	1,23,75,830 (66,67,077)
Add: Unallocated income				— —
Less: Unallocated expenses				7,45,458 (9,44,673)
Less: Interest expenses				75,29,611 (1,17,123)
Profit before tax				41,00,761 (56,05,281)

27th ANNUAL REPORT 2011-12

	Yarn Busines ₹	Wind Power Generation ₹	Investments ₹	Total ₹
Less: Provision for tax				
- Current tax				7,95,000 (20,50,000)
- Deferred tax charge/(income)				11,96,080 (-3,70,990)
Profit after tax				21,09,681 (39,26,271)
Other Information				
Segment assets	18,70,71,014 (6,55,68,759)	61,61,121 (68,81,792)	44,04,500 (45,04,500)	19,76,36,635 (7,69,55,051)
Unallocated corporate assets				20,30,458 (21,61,192)
Total assets	18,70,71,014 (6,55,68,759)	61,61,121 (68,81,792)	44,04,500 (45,04,500)	19,96,67,093 (7,91,16,243)
Segment liabilities	5,75,71,462 (37,24,434)	— (—)	1,45,57,108 (1,11,82,564)	7,21,28,570 (1,49,06,998)
Unallocated corporate liabilities				8,64,69,524 (2,35,32,304)
Total liabilities				15,85,98,094 (3,84,39,302)
Capital Expenditure				
Segment capital expenditure	11,19,88,766 (95,39,548)	— (—)	— (—)	11,19,88,766 (95,39,548)
Unallocated expenditure				— —
Total capital expenditure	11,19,88,766 (95,39,548)	— (—)	— (—)	11,19,88,766 (95,39,548)
Depreciation				
Segment depreciation	51,51,868 (6,06,668)	10,74,873 (10,74,843)	— (—)	62,26,741 (16,81,511)
Unallocated depreciation				1,81,700 (1,81,700)
Total depreciation	51,51,868 (6,06,668)	10,74,873 (10,74,843)	— (—)	64,08,441 (18,63,211)

BLUE CHIP TEX INDUSTRIES LTD.

- 30.1 Previous year's figures are given in brackets and regrouped/rearranged wherever necessary.
- 30.2 The company has identified three reportable segments, viz, Yarn Business, Wind power generation and Investments.
- Segments have been identified taking into consideration nature of products, differing risks and returns, the organisational structure and the internal reporting system.
- 30.3 Unallocated assets and liabilities represent assets and liabilities which are not identifiable to any of the reportable segments.

As per our report of even date

For and on behalf of the Board

For **Rajendra & Co.**
Registration No. 108355W
Chartered Accountants

sd/-
Nand Khemani
Managing Director

sd/-
Akshay R. Shah
Partner
Membership No. 103316

sd/-
Ashok Khemani
Director

sd/-
Kumar Nathani
Director

Place: Mumbai
Dated: 28th May, 2012

Place: Mumbai
Dated: 28th May, 2012

ATTENDANCE SLIP

BLUE CHIP TEX INDUSTRIES LIMITED

Registered Office: Jasville' Opp. Liberty Cinema 9, Marine Lines, Mumbai - 400020

(PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE)

I hereby record my presence at the Annual General Meeting of the Shareholders of the Company being held on Monday, September, 17, 2012 at 10.00 A.M. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/202, K. Dubash Marg, Mumbai 400 023

Name of the Shareholder/Proxy*:	No. of shares held :
Signature of Shareholder/ Proxy*:	Folio No. :

*Strike out whichever is not applicable.

(Cut here)

PROXY FORM

BLUE CHIP TEX INDUSTRIES LIMITED

Registered Office: Jasville' Opp. Liberty Cinema 9, Marine Lines, Mumbai – 400020.

Folio No. : _____ No. of shares held : _____

I/We _____ of _____ being a member/members of BLUE CHIP TEX LIMITED, hereby appoint _____

_____ or failing him/her _____ of _____ as my/our proxy

to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, September 17, 2012 at 10.00 A.M. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/202, K. Dubash Marg, Mumbai 400 023 or at the adjournment thereof.

Signed this _____ day of _____ 2012.

Affix a
Re.1/-
Revenue
Stamp.

Note : The Proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting. The proxy need not be a shareholder of the Company.

BOOK-POST

If Undelivered, please return to :
BLUE CHIP TEX INDUSTRIES LTD
Jasville, 2nd Floor,
Opp. Liberty Cinema,
9, New Marine Lines,
Mumbai 400 020.

aplusg99@gmail.com